



Foreign Agricultural Service

GAIN Report

Global Agriculture Information Network

Voluntary Report - public distribution

Date: 12/7/2001

GAIN Report #NI1024

Nigeria

Grain and Feed

Rice Situation

2001

Approved by:

David Rosenbloom

U.S. Embassy, Lagos

Prepared by:

Ali Michael David

Report Highlights:

Nigeria's rice imports in 2001 increased nearly 50 percent over a year earlier to 1.8 million tons due largely to a shift in consumption from locally-grown, traditional basic food staples to imported parboiled rice. Importers express concern that the GON may again increase its rice import duty.

Includes PSD changes: Yes
Includes Trade Matrix: No
Unscheduled Report
Lagos [NI1], NI

Executive Summary

The Government of Nigeria raised the import duty on rice in January 2001 from 50 percent to 75 percent in order to "protect local producers against massive importation". Despite the increase in the import duty, Nigeria's rice imports have increased markedly this year. Post has revised its rice import estimate for 2001 upward to 1.8 million tons. Major importers increased their purchasing activity in recent months to satisfy a growing domestic demand for imported parboiled rice. Post is aware that shipping data supplied by Asian exporters may point to a Nigerian import volume of close to 2.0 million tons. Post believes, however, that some of the vessels are partially discharging rice in neighboring West African countries before arriving in Nigeria. This could lead to an overestimation of total rice import volume.

Local trade sources attribute the increase in the demand for imported parboiled rice to a consumer shift from traditional food staples, such as yam and garri, to imported parboiled rice. The shift is largely due to reduced availabilities, attributed to poor harvests, and sharply higher prices for these local food staples. In contrast, the average retail price of imported parboiled rice has remained fairly stable over the past year. Rice has established itself as a preferred food staple in Nigeria. The average retail price for imported parboiled rice increased from 2,600 naira per 50 kilogram bag to 3,100 naira in the first quarter of 2001 in response to the higher duty imposed on the commodity in January of 2001. Throughout the remainder of the year, however, rice prices remained stable thanks to larger import volumes. In contrast, other food staples recorded much stronger upward price movements over the past year as shown in the table below.

Price Table of Alternative Staple Foods in Lagos

RETAIL PRICES			
Commodity	December 2000	December 2001	Percentage Change
Parboiled rice(50 Kgs)	2,600	3,100	19 %
Garri (4 Kgs)	80	200	150%
Yam Tuber (4 Kgs)	50	100	100%
Cow peas (4 Kgs)	100	185	85%

Local trade sources indicate that the increase in rice imports is not a result of a decline in local rice production. Except for isolated reports of flooding, Nigerian farmers harvested a good crop in 2001. Nigeria's resource-poor, small-scale rice farmers produce at subsistence levels and a large part of their output is consumed at the village level. Only a limited portion of the locally-grown crop, which usually is poorly milled, is available in key urban market centers such as Lagos.

Trade sources indicate that the usual practice of duty avoidance utilizing under invoicing schemes is becoming less prevalent. Importers who were effective in evading import duties in the past are now being penalized by the GON for such activity.

Stocks

Major importers indicate that rice stocks are only modestly higher at this time compared to a year earlier. A large percentage of Nigeria's rice imports directly flows into established distribution channels. Rice importers

try to minimize handling and warehousing costs by instructing their distributors to receive their rice purchases directly from arriving ships. Importers are concerned about recent reports in the local press, which point to larger rice imports as a major drain on Nigeria's foreign exchange. They believe that the GON may be prompted to increase the import duty on rice in the near future.

PSD Table

PSD Table						
Country	Nigeria					
Commodity	Rice, Milled				(1000 HA)(1000 MT)	
	Revised	1999	Preliminary	2000	Forecast	2001
	Old	New	Old	New	Old	New
Market Year Begin		01/1999		01/2000		01/2001
Area Harvested	1660	1660	1650	1650	1660	1660
Beginning Stocks	375	375	525	525	775	625
Milled Production	2000	2000	2000	2000	2100	2100
Rough Production	3333	3333	3333	3333	3500	3500
MILLING RATE (.9999)	6000	6000	6000	6000	6000	6000
TOTAL Imports	950	950	1200	1250	1050	1800
Jan-Dec Imports	1200	950	1000	1250	1050	1800
Jan-Dec Import U.S.	0	1	0	1	0	0
TOTAL SUPPLY	3325	3325	3725	3775	3925	4525
TOTAL Exports	0	0	0	0	0	0
Jan-Dec Exports	0	0	0	0	0	0
TOTAL Dom. Consumption	2800	2800	2950	3150	3250	3750
Ending Stocks	525	525	775	625	525	775
TOTAL DISTRIBUTION	3325	3325	3725	3775	3775	4525